Dear Mark,

In response to the above consultation, we would re-iterate are main
areas for concern expressed to WPD in their consultation.

Having 2 methodologies with different cost drivers, (one for EHV and
one for lower voltage supplies) seems inefficient and sends mixed
signals to customers. WPD's methodology for EHV customers would be
inconsistent with the charging principals of each of the other DNOs,
which could lead to significantly different costs between
distribution networks which is incoherent to the customer. We remain
unconvinced of the need for additional locational signals that the
LRIC yields; locational signals already exist between distribution
networks, but is the complexity of these also varying within a
distribution network a truly desirable characteristic?

It could become even more difficult to predict charges using the LRIC
approach, as the additional locational signals will vary over time.
This would mean that suppliers and customers would need to understand
how the distribution of network utilisation varies across the region,
and then across time periods in order to project future costs.
However, the physical data and knowledge is unlikely to be readily
available to understand future charging levels. If EHV charges were
to become less stable as a result, this could have negative
implications on competition.

In summary, we remain unconvinced of the case to move away from the
existing charging methodology, particularly when it only relates to
part of the network (EHV only) and in only 2 of the 14 distribution
networks.

However, if it were to be introduced, we would suggest that the move
to the new EHV rates would be completely unacceptable in one step, as
it would penalise the customer without their requirements changing
and would not allow the customer any time to react to the new
arrangements.

Regards

Glenn

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